



STATE OF CONNECTICUT  
TEACHERS' RETIREMENT BOARD  
765 ASYLUM AVENUE HARTFORD, CT 06105-2822  
Toll free 1-800-504-1102 (860) 241-8429 Fax (860) 622-2850  
*"An Affirmative Action/Equal Opportunity Employer"*  
[www.ct.gov/trb](http://www.ct.gov/trb)

November 4, 2008

TO: Superintendents and Business Managers

I've attached the Teachers' Retirement Board position on Merit Pay which the Board of Directors adopted at its March 5, 2008 meeting. This appears on our website ([www.ct.gov/trb](http://www.ct.gov/trb)) under Latest News.

Let me know if you have questions.

Louis Laccavole

Fiscal Administrative Supervisor

MeritPay112008



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## **TRB Position On Merit Pay**

The Board adopted the following position on Merit Pay at the regular Board meeting held on March 5, 2008.

A member's pensionable compensation is the base salary that is defined in the contract and paid to the member for performing contractual responsibilities. Base salary is typically expressed as an annual amount and is paid to the member in regular periodic installments (usually bi-weekly or semi-monthly) over the course of either the school or the calendar year.

A member's contract may also include the potential for additional discretionary compensation which may be earned based on the quality of the member's work, the member's accomplishment of certain goals or objectives which may be objectively or subjectively expressed, or the member's contribution to the school's or the school system's accomplishment of goals or objectives (i.e., the payment is not contractually mandated and not necessarily awarded to all members who are contractually eligible to receive them). It may be based on nomination, review and determination by another party such as the member's supervisor, the Superintendent of Schools or the Board of Education.

This compensation is often labeled as merit pay, bonus, incentive compensation or another similar term. The amount to be paid to a member, if any, normally is determined annually, at or after the end of the school year. Typically, these are one-time payments as opposed to being incorporated into a member's base salary. As a result, such compensation is not pensionable.